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This is a communication from the examiner in charge of your application.

COMMISSIONER OF PATENTS AND TRADEMARKS

- 5/9/00, 6/29/00
1. ☒ The communication filed 7/2/98 is informal/non-responsive for the reason(s) checked below and should be corrected. APPLICANT IS GIVEN ONE MONTH FROM THE DATE OF THIS LETTER OR UNTIL THE EXPIRATION OF THE PERIOD FOR RESPONSE SET IN THE LAST OFFICE ACTION (WHICHEVER IS LONGER) WITHIN WHICH TO CORRECT THE INFORMALITY.
- a. ☐ The amendment to claim(s) \_\_\_\_\_, filed \_\_\_\_\_, fails to comply with the provisions of 37 C.F.R. 1.121 and is accordingly held to be non-responsive. A supplemental paper correcting the informal portions and complying with the rule is required.
- b. ☐ The paper is unsigned. A duplicate paper or ratification, properly signed, is required.
- c. ☐ The paper is signed by \_\_\_\_\_, who is not of record. A ratification or a new power of attorney with a ratification, or a duplicate paper signed by a person of record, is required.
- d. ☐ The communication is presented on paper which will not provide a permanent copy. A permanent copy, or a request that a permanent copy be made by the Office at applicant's expense, is required, see M.P.E.P. 714.07.
- e. ☐ Other
2. ☐ In accordance with applicant's request, THE PERIOD FOR RESPONSE FROM THE OFFICE ACTION DATED \_\_\_\_\_ IS EXTENDED TO RUN \_\_\_\_\_ MONTH(S).  
No further extension will be granted unless approved by the Commissioner. 37 C.F.R. 1.136 (b)
3. ☐ Receipt is acknowledged of papers submitted under 35 U.S.C. 119 which papers have been made of record in the file.
4. ☒ Other see attached

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1. BACKGROUND: THE PORTFOLIO.

In the period between March 2, 1995, and June 7, 1995, applicants<sup>1</sup> filed 328 applications, each of which contained a 557-page specification. These 328 applications were filed immediately prior to June 8, 1995, the effective date of the Uruguay Round Agreements Act, Pub. L. No. 103-465, § 532, 108 Stat. 4983 (1994). (The Uruguay Round Agreements Act limited patent coverage to twenty years from the date of filing, whereas previously, patent coverage had existed seventeen years from the date of issuance, barring unenforceability due to inequitable conduct or laches.) These 328 specifications were continuations, under 35 U.S.C. 120 ("Section 120"), of applicants' 557-page parent application no. 08/113,329 ('329), filed August 30, 1993 (the " '329 application"). The '329 application is a Section 120 continuation of the 557-page application no. 056,501 (the " '501 application") which was filed on May 3, 1993 and which subsequently matured into U.S. patent no. 5,335,277 ('277) on Aug. 2, 1994. See Appendix at 000504-506 for a list of applicants' 328 applications, plus the parent '329 application. The first six applications in the chain, including '277, are shown below.

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<sup>1</sup> Applicant Harvey is President and CEO of assignee Personalized Media Communications, L.L.C. (PMC), a limited liability company formed under the laws of the State of Delaware with its principal place of business at 110 East 42nd Street, Suite 1704, New York, NY 10017. PMC was formed in September, 1995 and, in December, 1995, acquired most of the assets and certain liabilities of Personalized Mass Media Corporation (PMMC). PMC's predecessor company, National Cable Clearinghouse, was founded in 1981 by Mr. Harvey. Its name was changed to PMMC in 1989. PMMC's assets were sold to PMC in 1995. See In re Certain Digital Satellite Sys. (DSS) Receivers & Components Thereof, No. 337-TA-392 (Int'l Trade Comm. Oct. 20, 1997) (Initial Determination), [Part 2 of 2] 1997 ITC LEXIS 307, \*70, \*71(FINDINGS OF FACT, Section A, 1-3). Applicant Harvey and his counsel Thomas J. Scott, Jr., both earned degrees from Yale University around 1966. Appendix at 569 and Id., [Part 2 of 2] 1997 ITC LEXIS 307, \*83-84 (FINDINGS OF FACT, Section D, 46-50).



The primary examiner adopts certain findings of fact by Administrative Law Judge Paul J. Luckern in the ITC Litigation. See In re Certain Digital Satellite Sys. (DSS) Receivers & Components Thereof, No. 337-TA-392 (Int'l Trade Comm. Oct. 20, 1997) (Initial Determination), [Part 2 of 2] 1997 ITC LEXIS 307, \*75, \*76 (FINDINGS OF FACT, Section C, 21 and 23):

C. Patents And Patent Applications Of Harvey And Cuddihy As Co-Inventors

21. PMMC is the named assignee on six issued United States patents naming

John C. Harvey and James W. Cuddihy as co-inventors:

Patent No.	Application Serial No.	Filing Date	Issue Date
4,694,490 (490 patent)	317,510 (510 application)	Nov. 3, 1981	Sept. 15, 1987
4,704,725 (725 patent)	829,531 (531 application)	Feb. 14, 1986	Nov. 3, 1987
4,965,825 (825 patent)	096,096 <sup>2</sup> (continuation-in-part '096 application)	Sept. 11, 1987	Oct. 23, 1990
5,109,414 (414 patent)	588,126 (126 application)	Sept. 25, 1990	Apr. 28, 1992
5,233,654 (654 patent)	849,226 (226 application)	Mar. 10, 1992	Aug. 3, 1993
5,335,277 (277 patent)	056,501 (501 application)	May 3, 1993	Aug. 2, 1994

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<sup>2</sup>On Sept. 11, 1987 applicants failed to specifically include or incorporate by reference the 44-page parent '531 specification into the 557-page '096 specification (applicants' principal counsel failed to "incorporate by reference" the parent '531 application's 44 pages into the '096 application's 577 pages). As a consequence, applicants failed to maintain "continuity" of the 44-page subject matter.

23. The specifications for the '490 and '725 patents were identical and 22 patent columns in length [44 pages plus drawings]. The specification for the '096 application, in contrast, was approximately 322 patent columns in length [557 pages plus drawings] . . .

a. The Primary Examiner Reserves the Right to Provide Further Information Regarding Applicants' Course of Conduct.

Applicants and their counsel (Thomas Scott, Jr.) have been attempting to secure patents by pursuing their unique, but improper, prosecution strategy for many years. One court noted that

Scott has been involved in [the] patent [portfolio] prosecution and strategy for many years, perhaps as far back as the 1970s. According to [the applicant], [Scott] is the most knowledgeable person about the disclosures on file in the PTO, [and] with the . . . 300 [then actually 329] pending applications for related patents. Scott also is described by [applicants] as "the expert on all aspects of the Company's patent position: including . . . the company's development of its future patent prosecution strategy."

See Personalized Mass Media Corp. v. The Weather Channel, Inc., et al., 899 F. Supp. 239, 244 (1995), Appendix at 000419.

Applicants' prosecution "strategy" has involved the submission of tens of thousands of claims, as well as thousands prior art references, a substantial number of which are irrelevant. This "strategy" has burdened the U.S.P.T.O. with vast amounts of information and prosecution content. The primary examiner cannot possibly discuss all of the prosecution content in this Notice, due to its sheer quantity. However, the primary examiner assumes that applicants are aware of their own prosecution content.

M.P.E.P. 711.03(d) states as follows:

[T]he examiner "may be directed by the Commissioner to furnish a written statement...setting forth the reasons for his or her decision upon the matters averred in the petition, supplying a copy thereof to the petitioner." Unless requested, however, such a statement should not be prepared. See M.P.E.P. 1002.01.

However, should applicants choose to refute this Final Notice, the primary examiner reserves the right to provide additional prosecution content providing further basis for this Notice.

## 2. STATEMENT OF PUBLIC INTEREST.

This Final Notice is proper. Applicants and their counsels have created an enormous prosecution burden on the U.S.P.T.O. with their prosecution "strategy," as will be explained. This burden on the office has caused unjustifiable and prejudicial delay.

### a. Applicants' Targets: Courts, Industry, and Licensees.

Applicants are aware that there are members of the public who have developed or invested in products and systems that have emerged in the market place related to applicants' crafted claims. Appendix at 000419 lists applicants' targets of litigation, including The Weather Channel and others which carry programming broadcast over the SATCOM satellite communications system, including the following (899 F. Supp. at 239):

- Landmark Communications Inc.,
- TCI of Virginia, Inc.,
- Newport News Cablevision LTD,
- Continental Cablevision of Richmond,
- Continental Cablevision of Virginia, Inc.,
- Media General Cable of Fairfax County, Inc.,
- Media General Cable of Fredericksburg, Inc.,
- Comcast Cablevision of Chesterfield County, Inc.,
- SBC Media Ventures, Inc.,
- Jones Intercable of Alexandria, Inc.,
- Falcon Holding Group, L.P., and

-Adelphi Communications Corp.

Other targets appear to be all cable television companies throughout the U.S. who carry the Weather Channel programming, as well as Weather Channel competitors. Moreover, the ITC Litigation identifies additional targets as follows (See [Part 2 of 2] 1997 ITC LEXIS 307, \*70-72 (FINDINGS OF FACT, Section A, 4-15)):

4. Respondent Hughes Network Systems (HNS) is a corporation organized and existing under the laws of the State of Delaware with its principal place of business at 11717 Exploration Lane, Germantown, MD 20876 . . . .

5. HNS is in the business of designing, manufacturing, importing and selling in the United States consumer electronics products . . . .

6. Respondent . . . Hitachi Home Electronics (America), Inc. (Hitachi) is a corporation organized and existing under the laws of the State of California with its principal place of business at 3890 Steve Reynolds Blvd., Norcross, GA 30093 . . . .

7. Hitachi is in the business of designing, manufacturing, importing and selling in the United States consumer electronics products . . . .

8. Respondent DIRECTV is a corporation organized and existing under the laws of the State of California with its principal place of business at 2230 E. Imperial Highway, El Segundo, CA 90245 . . . .

9. DIRECTV is in the business of selling and providing television programming through the transmission of satellite broadcast signals . . . .

10. Respondent USSB is a corporation organized and existing under the laws of the State of Minnesota with its principal place of business at 3415 University Avenue, St. Paul, MN 55114 . . . .

11. USSB is in the business of selling and providing television programming through the transmission of satellite broadcast signals . . . .

12. Respondent Thomson Consumer Electronics, Inc. (Thomson or TCE) is a corporation organized . . . and existing under the laws of the State of Delaware with its principal place of business at 10330 N. Meridian Street, Indianapolis, IN 46290-1024. . . .

13. Thomson is engaged in the business of designing, manufacturing, importing, and selling in the United States consumer electronics products. . .

14. Respondent Toshiba America Consumer Products Inc. (Toshiba) is a corporation organized and existing under the laws of the State of New Jersey with its principal place of business at 82 Totowa Road, Wayne, NJ 07470 . . . .

15. Respondent Matsushita Electronic Corporation of America (Matsushita) is a corporation organized and existing under the laws of the State of Delaware with its principal place of business at One Panasonic Way, Secaucus, NJ 07094. . . .

Additional targets identified in the ITC Litigation are as follows, Appendix at 000462-478. See

[Part 2 of 2] 1997 ITC LEXIS 307, \*148-180 (FINDINGS OF FACT, Sections G-H):

- Hewlett Packard (fact 180),
- ARC (fact 186),
- Viacom International (fact 175),
- Starsight (facts 164,198,312,320,323-325,334,337,339-341,350-352,360-362,368),
- Sony (facts 171,198) , and
- the National Football League (facts 187-188,191-192).

Numerous additional targets may exist who represent the public interest, such as courts, and industry in general which have developed, in good faith, products and systems that have emerged in the market place and which are thus potentially subject to applicants' tens of thousands of claims in their "portfolio."

Applicants have been to court numerous times with their portfolio. The courts have given careful consideration to previous prosecution, including the 329 applications. Appendix at 000422, 000462-478. Among the findings of fact by courts are the following:

The business of PMC consists primarily of licensing its intellectual property and prosecution of patent applications. . . . As of June 11, 1997, with respect to any of PMC's current licensees, PMC does not design any tangible products for those licensees, nor does it work with manufacturers of those licensees' products in any way, nor does PMC monitor the quality of those licensees' products or services in any way, nor does PMC do any kind of safety checking on the products produced by those licensees, nor does PMC participate in any marketing efforts made on behalf of the products or systems licensed under its patents.

Appendix at 462. Rather than contributing to progress, it appears that applicants' primary business consists of attempting to license their portfolio to businesses engaged already in active production and development of products and systems applicants now claim as proprietary inventions.

### 3. THE LEGAL MYTH.

As an initial point, the primary examiner clarifies, for the record, that he has performed a survey of the pattern of prosecution in applicants' patent portfolio because the primary examiner has not received requested cooperation from applicants and their counsels in understanding what subject matter applicants believe they are claiming, and because applicants have failed to supplement their current deficient responses. The primary examiner realized, during the summer of 1999, that the approximately 191 applications to which applicants allege priority benefit to 1981 (of a total number of 329 applications) are replete with a pattern of material misrepresentations of law and related factual omission. As a consequence, the portfolio prosecution record adds up to a virtually meaningless record as to the merits and thus, among other things, has caused unjustifiable and prejudicial delay.

More specifically, the primary examiner realized that the patent portfolio record is replete with a pattern of misrepresentations regarding Section 120 “consequence” (e.g., see Appendix at 507); misleading references to the 44-page parent application as “the specification” (e.g., see Appendix at 508); material written description factual omissions in response to 35 U.S.C. § 112 (Section 112) rejections (both first and second paragraph), which failed to cite the 557-page specification; finally, among other things, applicants caused conflicting file wrapper histories from one application to another application. The primary examiner believes that applicants should be estopped from simultaneously assuming conflicting positions among the various applications.

As related to applicants’ responses in the 191 applications, the portfolio is replete with a pattern of what appears to be intentional misrepresentation of the legal application of Sections 120 and 112. The sheer number of these inaccurate responses has resulted in the loss of many years of the portfolio’s prosecution, and has harmed the public interest. This pattern has caused unjustifiable and prejudicial delay of the portfolio prosecution, and is grounds for rejection on the basis of laches (see amicus brief in support of Symbol Technologies v. Lemelson Medical, Educational & Research Foundation, Limited Partnership, Appendix at 000509-551; see also Timothy R. DeWitt, Does Supreme Court Precedent Sink Submarine Patents?, Appendix at 000552-568; see also Personalized Mass Media Corp. v. The Weather Channel, Inc., et al., 899 F. Supp. 239 (E.D. Va. 1995), Appendix at 000419-424; see also Ex parte Hull, 191 U.S.P.Q. 157 (P.T.O.B.A. 1975)).

It appears that, for applications in which applicants claim priority benefit to 1981, applicants have been improperly characterizing the “the specification” as the 1981 44-page parent specification; in fact, both the 1981 specification *and* the 1987 557-page specification were the appropriate references. According to the applicants, all that was required to gain priority benefit would have been to demonstrate written description in the 44-page parent specification. However, applicants would have been required to demonstrate written description in *both* the 1987 and the 1981 specification, in order to claim priority benefit to 1981. However, the written description of the 1981 specification was not incorporated by reference or otherwise included in the 1987 specification. This pattern of references to the wrong specification, and the related material omissions of written description to the correct (1987) specification, has resulted in unjustifiable and prejudicial delay. Due to the lack of continuity of written description back to 1981, the current file history displays no justification for issuance of a patent in these applications. Additional improprieties are addressed later in this notice.

#### 4. FINAL NOTICE OF NON-RESPONSIVE AMENDMENT.

Applicants’ Request for Reconsideration (Request) is not responsive to the Initial Notice of Non-Responsive. (The Initial Notice of Non-Responsive applied to applicants’ amendments.)

Applicants’ nonresponsive amendments are not fully responsive to the previous office actions. Applicants’ continued failure to identify the proper written description, even after a request for proper written description by the primary examiner, as required under Section 112, has further caused unjustifiable and prejudicial delay. This is a Final Notice of Non-Responsive Amendment



from the primary examiner ("Final Notice").

a. Initial Notice from the Primary Examiner.

The primary examiner previously brought the pattern of material omissions of written description to applicants' attention via the Initial Notice. According to the M.P.E.P., "[O]nce an inadvertent omission is brought to the attention of the applicants, the question of inadvertence no longer exists." M.P.E.P. 714.03. Accordingly, it is irrelevant whether the Non-Responsive Amendments "appear to be *bona-fide*." However, the Non-Responsive Amendments do not "appear to be *bona-fide*" in view of the evidence before the primary examiner.<sup>3</sup> The material omissions related to written description remain unacceptable and improper under the law.

b. Between September 1996 and October 1997, Applicants Relied Primarily on the 1981 Specification, Contrary to the Requirements under 35 U.S.C. § 120.

Between September 13, 1996 and October 20, 1997, applicants consistently referred primarily to the 1981 specification in amendments submitted to the U.S.P.T.O. In doing so, applicants implied to the U.S.P.T.O. that citations to the 1981 specification, alone, were sufficient to establish priority benefit to 1981.

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<sup>3</sup> These issues are related to materially analogous PATTERNS of communications between the applicants and the PTO in at least the co-pending application no.'s which are now subject to this notice: 08/437,044; 08/437,937; 08/438,206; 08/438,659; 08/440,837; 08/441,880; 08/442,165; 08/442,335; 08/442,507; 08/444,756; 08/445,290; 08/446,429; 08/446,494; 08/447,711; 08/449,110; 08/449,413; 08/449,702; 08/449,800; 08/451,377; 08/459,216; 08/469,078; 08/470,448; 08/470,476; 08/471,024; 08/474,139; 08/477,564; 08/478,794; 08/482,573; 08/483,054; 08/483,174; 08/483,980; 08/487,408; 08/487,649; 08/488,378; 08/498,002; 08/511,491. However, such pattern extends to the entire patent portfolio prosecution corresponding to cases which allege priority benefit to the 44 page parent specification. An enumerated list of the portfolio minus the first six patents are illustrated in the APPENDIX at pages 000504-506.

Although applicants made "parallel citations," citing references to the 1987 specification in footnotes, applicants primarily cited the 1981 specification in the text of the amendments. However, applicants knew, or should have known that "continuity of disclosure" required substantive references to both the 1981 and the 1987 disclosures, as well as the current disclosure.

On September 13, 1996, Thomas J. Scott, Jr., applicants' principal counsel, stated as follows, in discussing In re Bauman, 683 F.2d 405, 407 (C.C.P.A. 1982):

Thus the basic requirements of Section 120 have been summarized as  
(1) copendency (i.e. the later filed application must be filed before "the prior application" is patented, abandoned or the proceedings are terminated);  
(2) continuity of disclosure (i.e. it relies upon and is supported by the parent application's specification);  
(3) coinventorship (i.e. the subsequent application lists the same inventor(s) as the parent); and  
(4) specific reference to the earlier application (i.e. the continuation application references the parent).

Appendix at 000481. It appears, then, that applicants were aware at least as early as September 13, 1996, that "continuity of disclosure" was required. Between September 1996 and October 1997, applicants' amendments failed to adequately reference all written disclosures necessary to establish "continuity of disclosure," which Thomas J. Scott, Jr. recognized to be a "basic requirement." The amendments cannot be considered fully responsive. The non-responsive material omissions, related to written description, are unacceptable and improper under the law. Accordingly, the non-responsive Amendments do not appear to be bona-fide, since the legal requirements were known to applicants.

c. Applicants Were Notified In Court As to the Proper Specification Under

35 U.S.C. § 120. Furthermore, Applicants Failed to Bring Such  
Notification to the Attention of the U.S.P.T.O., Contrary to M.P.E.P.  
2001.06(c).

On October 20, 1997, in the ITC Investigation's Initial Determination, Administrative Law Judge Paul J. Luckern reproached applicants for improperly identifying written description from the 1981 44-page parent specification.<sup>4</sup> Specifically, applicants received judicial notice that the written description for applicants' claims is necessarily found in the 1987 557-page specification and not the 1981 44-page parent specification. The non-responsive material omissions of written description are thus unacceptable and improper under the law. Accordingly, the Non-Responsive Amendments do not "appear to be *bona-fide*."

There was inquiry as to whether "continuity of disclosure" existed. According to the Administrative Law Judge, applicants' counsel stated that to the extent the "[1981 44-page disclosure] has relevance, it is because it is part of the file history of the [1987 557-page disclosure]." See [Part 1 of 2] 1997 ITC LEXIS 307, \*252 *citing* ITC transcript at 3658.

However, "file history" in this case is not the same as "continuity of disclosure," which would have required that the written description of the 1981 disclosure be incorporated by reference or otherwise included in the 1987 disclosure. At no time did applicants' counsel establish

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<sup>4</sup>The ITC Investigation began in 1996. Applicants filed a complaint with the United States International Trade Commission (the "Commission") asserting that various intervenors were importing Digital Satellite Systems (DSSs) that infringed applicants' patent claims in violation of 19 U.S.C. § 1.337(a) (1994) ("Section 337"). In response, the Commission instituted the investigation on December 18, 1996. See 61 Fed. Reg. 66695-96 (1996). The Intervenor and the Commission generally maintained the same positions. The ITC Investigation culminated in the Initial Determination of 450 pages. The Administrative Law Judge recommended that the Commission conclude that Section 337 had not been violated.

“continuity of disclosure.”

Approximately one year after instructing the Board of Appeals and Interferences at the PTO that the “basic requirements”<sup>5</sup> included “continuity of disclosure,” applicants regressed to arguing that they should get priority benefit for satisfying only steps 1), 3), and 4). However, the ALJ recognized that common subject matter is required to satisfy Section 120 (in addition to the other requirements).

d. Applicants’ Pattern of Improperly Identifying the Wrong Written Description In the Current Prosecution Began On or After Applicants Received Reproach for Improper Identification of Written Description In Court.

After Judge Paul J. Luckern’s reproach to applicants on October 20, 1997, applicants not only continued to focus on the 1981 disclosure in prosecution before the U.S.P.T.O., but ceased referencing the 1987 disclosure entirely. Furthermore, applicants began asserting to the U.S.P.T.O. that reference to the 1987 disclosure was unnecessary under Section 120. Given Judge Luckern’s specific comments to the contrary, the non-responsive amendments do not appear to be *bona-fide*. Thus, the non-responsive material omissions are unacceptable and improper under the law.

e. The Principal Counsel’s Parenthetical Remarks in Application No. 08/113,329 Misinterpret In Re Bauman.

Applicants’ parenthetical remarks (Appendix at 000481), misstate the legal test for “continuity of disclosure.” Specifically, the parenthetical remarks state that “continuity of disclosure” means that “it relies upon and is supported by the parent application’s specification.” Applicants have

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<sup>5</sup> In re Bauman, 683 F.2d 405, 407 (C.C.P.A. 1982).

interpreted this to mean that the present claim must be supported only by the 1981 specification. However, this is wrong, and not supportable by In re Bauman, which clearly requires “continuity,” i.e., a continuous chain of common subject matter. In this case, that would require the present claim to rely on and be supported by the written descriptions in both the 1987 and the 1981 specifications.

Applicants’ misstatement of In re Bauman contributed to unjustifiable and prejudicial delay. The non-responsive material omissions related to written description are unacceptable and improper under the law. Accordingly, the non-responsive Amendments do not “appear to be *bona-fide*.”

Until recently, the primary examiner and other U.S.P.T.O. examiners have relied in good faith on the principal counsel’s misleading statements of law and related misrepresentation of the 1981 44-page disclosure as “the specification” (e.g., Appendix at 000508). Thus, the U.S.P.T.O. has been misled by applicants’ material omissions related to the written description, to the detriment of the public interest.

Moreover, the applicants’ material omissions of written description, insertion of misleading parenthetical content, and failure to identify the correct specification following both judicial notice by the court and notice by the primary examiner, have caused unjustifiable and prejudicial delay. This delay is grounds for rejection of the claim on the basis of laches.

f. Applicants Have Misled the U.S.P.T.O. In Other Instances.

Applicants have made additional misleading representations of Section 120. For instance,

Appendix at 000480 states as follows:

The case law makes clear that the only relevant inquiry concerning claims filed in a subsequent continuation application pursuant to Section 120 is whether they are adequately supported in under Section 112, first paragraph, in the initial application.

Paper 21, p. 27, 08/113,329 ('329).

This statement of the law is wrong; "continuity" is required, not only support in the "initial application." This misstatement has caused unjustifiable and prejudicial delay. The material question is whether both the 1987 and the 1981 specifications support the claims. Accordingly, the non-responsive material omissions of written description are unacceptable and improper under the law. The non-responsive amendments do not appear to be *bona-fide*.

g. Applicants Received Prior Notice in Court that Any Lapse By The Examiner Does Not Exculpate Counsel.

In the ITC Litigation, applications were judicially notified that

. . . lapse on the part of an Examiner does not exculpate an applicant whose acts are intentionally deceptive. . . .

See [Part 1 of 2] 1997 ITC LEXIS 307, \*38, citing Northern Telecom Inc. v. Datapoint Corp., 908 F.2d 931, 15 U.S.P.Q.2d 1321, 1327 (Fed. Cir. 1990). For the purpose of protecting the public interest, the primary examiner states for the record that he firmly believes it was the principal counsel's intent to mislead the U.S.P.T.O. Although applicants have attempted to blame the U.S.P.T.O., on numerous occasions, for unreasonable delay, applicants' misleading statements have resulted in many years' unjustifiable and prejudicial delay in portfolio prosecution.

The primary examiner must rely on Section 112 rejections in order to encourage a clear and

accurate explanation from applicants as to how applicants believe their own pending claims/limitations can be interpreted so as to be supported by the 1987 disclosure. If the pending claims are based on unfounded allegations of claim support in the 1987 disclosure, then applicants' demand for the examiner to fulfill his duty of determining the scope/meaning of applicants' currently pending claims is inexplicable. Applicants cannot expect an examiner to discern (much less "immediately discern") the meaning/scope of applicants' own claim limitations when these claim limitations incorporate terminologies having normal/conventional meanings vastly different from the meanings/scopes that are now attached to them by applicants' arguments. (These arguments were/are not part of the original disclosure.)

The current patent prosecution "strategy" appears to be designed to overwhelm those who already have developed products and systems in the market place, the U.S.P.T.O., and the courts. Good-faith developers of products and systems, as well as the courts, should not be permitted to be overwhelmed.

It may be unusual for the issue of laches to arise during prosecution. However, the examiner has authority to reject claims on the basis of laches. In Ex parte Hull, 191 U.S.P.Q. 157, the Board of Patent Appeals and Interferences (Board) held that "prior warning in preceding allowed applications" could sustain a rejection on the basis of laches. The Board stated "... it is applicants' overall course of conduct rather than a number of continuing applications that is determinative and may result in forfeiture of right to patent." Thus, it is proper for the U.S.P.T.O. to record facts and findings related to applicants' overall pattern of portfolio conduct

which would support rejection on the basis of laches.

In addition, the Intellectual Property Owners Association (IPO) considers conduct causing “unjustifiable and prejudicial delay in prosecution” to be material to whether forfeiture of right to patent is appropriate under Supreme Court precedent. Appendix at 000509-551; see also Appendix at 000552-568 and 000419-424. The primary examiner must record the pattern of portfolio prosecution, and other related findings of fact that may be material to courts on the issue of laches. An accurate recounting of applicants’ pattern of portfolio prosecution is in the public interest.

- h. 1995: The Weather Channel Litigation, The Doctrine of Laches, Inequitable Conduct and The Principal Counsel.

In addition to applicants’ ITC Litigation, applicants also initiated an earlier litigation using the same portfolio. See Personalized Mass Media Corp. v. The Weather Channel, Inc., et al., 899 F. Supp. 239 (E.D. Va. 1995), Appendix at 000419-424.

In that case (“Weather Channel Litigation”), Thomas J. Scott, Jr., and the law firm of Howrey & Simon, in which Mr. Scott was a partner, were disqualified from serving as trial counsel for applicants. This disqualification occurred after the Weather Channel alleged inequitable conduct (for failure to disclose prior art) and laches against applicants, and moved to disqualify counsel on the basis that Mr. Scott was a potential witness on both issues.

The Court observed as follows:



There is evidence that Scott had available to him information about prior art which was not timely filed in connection with the '825 application. If the jury were to believe that material was deliberately withheld, it would be prejudicial to PMMC because proof of such inequitable conduct would render PMMC's patents unenforceable. . . . In sum, the record here establishes that some of Scott's testimony already is prejudicial to PMMC and other testimony reasonably may be characterized in that fashion without indulging in speculation or surmise.

899 F.Supp. at 244.

This Weather Channel opinion was published on September 8, 1995. However, applicants have continued a similar course of conduct in attempting to mislead the U.S.P.T.O. as to the existence of prior art known to applicants to render the claims unpatentable. Given applicants' rebuke in the Weather Channel case, applicants have revised their prior art disclosure strategy, and have submitted over 2,200 references to prior art in the instant claims. However, applicants failed to specifically identify prior art known to applicants to read on the claims (since the prior art was cited against other co-pending applications claiming the same general subject matter).

i. Applicants' Overall Conduct Has Caused Unjustifiable and Prejudicial Delay in Prosecution.

Applicants have stated that the principal counsel is the "most knowledgeable person about the disclosures on file in the PTO, [and about] the . . . 300 pending applications for related patents [i.e. this instant application]." In addition, applicants have stated that the principal is "the expert on all aspects of the Company's patent position: including . . . the company's development of its future [i.e. the current] patent prosecution strategy . . . ." However, applicants' prosecution "strategy" has caused unjustifiable and prejudicial delay.

One needs only to read the ITC Investigation to appreciate how difficult it was for the ITC to

deal with a mere handful of applicants' crafted claims. In the instant case, the U.S.P.T.O. is faced with managing more than 5000 times that number of claims. Applicants' strategy of overwhelming the office, failing to specifically identify relevant prior art and misleading the office as to whether continuity of description was required, has resulted in unjustifiable and prejudicial delay.

i. The Number of Claims Filed By Applicants Is Unwarranted.

As patent applications go in the broadcast arts, applicants' 1987 disclosure is on the lengthy side, comprising 557 pages of written description. Using the claim numbers set forth above, it can be conservatively estimated that applicants have submitted between 18 and 36 claims per page of the 1987 description: i.e., about one claim for every 8.5 to 17.7 words. This claim-to-description ratio is higher when one considers only those portions of the 1987 written description on which the claims are actually based. Specifically, applicants' own expert witness, Mr. Davis, testified in the ITC Investigation that "you don't need to read all 310 . . . columns [of the 1987 557-page disclosure]". Mr. Davis testified that "you can gain a complete understanding [of the 1987 557-page disclosure] on the first 25 to 30 columns." (See [Part 1 of 2] 1997 ITC LEXIS 307, \*251.) These first 30 columns correspond to about 57 pages of the 1987 written description, which translates to a ratio of one submitted claim for every 1 to 2 words of written description. The above ratio also *soars* when one considers those of the tens of thousands of submitted claims for which applicants have alleged priority to portions of the 44-page 1981 written description (i.e. those of the present application). The number of claims filed by applicants has caused unjustifiable and prejudicial delay.

ii. I.D.S. References Are Inappropriate and Irrelevant.

Applicants have filed approximately 2,200 references, many of which are irrelevant. The foreign language references cited were previously not accompanied by statements of relevance or translations and thus, not in compliance with 37 C.F.R. § 1.98. Numerous cited references are subsequent to the 1987 disclosure. Applicants also cited unrelated subject matter such as: U.S. Patent #33,189, (a beehive, see Appendix at 000501); GB 1565319 (a chemical compound); a coversheet titled "ZING" (Appendix at 000498-499); a computer print out from a library search with the word "LST" on it; a page of business cards, including that of James Cuddihy (Appendix at 000502); U.S. patent 2,731,197 titled "PIN BOX CONTROL MECHANISM" (Appendix at 000500); U.S. patent no. 4,473,068, an intramuscular implant device for use in retention of the greater trochanter (entitled "trochanteric basket," Appendix at 000503); and numerous other irrelevant citations. These, among other references, create an onerous burden on the U.S.P.T.O. and have caused unjustifiable and prejudicial delay.

iii. Applicants' Preliminary Amendment Submissions Were Untimely. Furthermore, Applicants' Counsel's Request To Delay Prosecution Was Unreasonable.

As evidenced by the Appendix at 000430-431, although applicants filed the 328 applications prior to June 8, 1995, they did not complete their preliminary amendments for those applications until June of 1996, a year after filing. The record shows that the former examiner, Mr. Bookbinder, was receiving requests to delay prosecution from applicants' counsel Woolston as late as June 12, 1996. Appendix at 000430. Applicants' untimely filing of their preliminary amendments caused unreasonable delay.

iv. Applicants Have Filed Substantially Duplicate Claims in Different Applications. Furthermore, Applicants Failed to Make a Good Faith Effort, Contrary to M.P.E.P. 2001.06(b).

The Appendix at 000485-495 provides representative examples establishing that applicants filed substantially duplicate claims in most or all applications. In response to observation by the examiner of the presence of duplicate claims, applicants stated they

acknowledge their duty to maintain a line of patentable demarcation between related applications. . . . the applicants intend to make a good faith effort to alert the PTO of any instances in which the PTO treats such claims inconsistently.

See paper no. 13 page no. 29 Section D, filed July 25, 1997, for portfolio application 08/487,851.

Applicants titled this section "Duty to maintain line of patentable demarcation between related patents." However, it appears no "good faith effort" has been made. Applicants have not even alerted the U.S.P.T.O. how the representative claims were treated. Continued failure to inform the primary examiner of duplicate or substantially similar claims, as required by M.P.E.P.

2001.06(b) (Appendix at 000496), further caused unjustifiable and prejudicial delay. During the summer of 1999, the principal counsel admitted to failing to alert the PTO when like claims had been treated differently.

For example, applicants have submitted the same claim and/or a broader version of the same claim. Applicants then failed to notify the U.S.P.T.O. of prior art rejections by other examiners on the same or similar claims in other applications.

Application no. 08/459,218 ('218), claim 15, when compared to application no. 08/487,408 ('408), claim 18, demonstrates this practice. These two claims recite the same general subject matter. Claim 15 is slightly narrower, recognizing that "data" is more limiting than "mass medium

programming,” and “instruct signals” is more limiting than “portions of mass medium programming.” Claim 15 was rejected under 35 U.S.C. § 102 (“Section 102”) on February 23, 1997, and also on April 16, 1998. However, applicants continued to submit claim 18 for examination without alerting the claim 18 examiner of the Section 102 prior art rejection of claim 15. Applicants’ failure to identify the appropriate prior art to the claim 18 examiner caused a delay of two years in rejecting claim 18, and violated M.P.E.P. 2001.06(b). Applicants’ practice of duplicative submissions, and failure to notify the office of prior art rejections in the duplicative claim, has caused unjustifiable and prejudicial delay.

v. Interview of June 16, 1999.

The personal interview of July 16, 1999 (the “July 16, Interview”), related to withdrawing from issue application no. 08/484,858 (‘858), based on prior art teaching (the anticipation of ‘858 claim 9 by the abandoned grandparent disclosure corresponding to U.S. patent no. 4,536,791, issued to Campbell et al). Although applicants had been aware of this prior art teaching, applicants failed to notify the ‘858 examiner of this teaching, resulting in an erroneous allowance of the claim. In attendance at the interview was acting Director Dwyer, Supervisor Faile, examiner Luther, applicant Harvey, principal counsel Thomas J. Scott, Jr., and counsel Donald J. Lecher.

(1) Applicants’ Principal Counsel Threatened to Seek a Writ of Mandamus.

The July 16, Interview began with threats by applicants’ principal counsel to seek a writ of mandamus from the courts in order to force the PTO to issue ‘858. Claim 9 of ‘858 was the only claim that was discussed. Claim 9 was anticipated under Section 102 by Campbell et al., in teachings that counsel Donald J. Lecher had recognized during more than 20 hours of personal

interviewing earlier in 1999 on other applications (for example, application no. 08/470,571).

Thus, the office was required to withdraw application no. '858 from issue, under 37 C.F.R. § 1.313(b)(3) (unpatentability of one or more claims). Even though counsel Lecher acknowledged, in the July 16, interview, that claim 9 was anticipated by Campbell, applicants' principal counsel Scott continued to threaten a writ of mandamus. Mr. Scott stated that he "desired" the '858 examiner's "interpretation" and "not" the current examiner's interpretations (or counsel Lecher's interpretation). However, neither Mr. Scott nor other counsel for applicants ever informed the '858 examiner that the same subject matter was under rejection in other applications.

In the July 16 interview, the examiner stated that claim 9 of '858 read squarely on Campbell et al.'s Figure 12 with respect to column 17, lines 58-61 (this corresponds to the Campbell, et al. abandoned grandparent disclosure). Figure 12 detailed a combined medium presentation, consisting of the display of a "text display black screen" [graphic presentation] and a "video" [television presentation] alternately. These teachings of Campbell, et al., had previously been thoroughly covered in more than twenty hours of interviews for other applications (for example, application no. 08/470,571). In response, counsel Lecher stated, "The examiner's right."

Applicant Harvey then said that "it didn't matter" that applicants recognized these teachings of Campbell in their other portfolio applications, because each application was considered separate. Applicant Harvey insisted that Campbell factual teachings were not universal from case to case. However, the examiner pointed out that Campbell, et al., teach a universal set of facts that are uniform from case to case. In both the cases at issue, Campbell teaches a combined medium presentation consisting of a graphic presentation and a video television presentation, alternating.

The principal counsel then said he “desired” to “benefit” from the ‘858 examiner’s interpretation, “regardless of what Campbell teaches.” This “desire” was disturbing, since Campbell does, in fact, teach an alternate display of graphics and video at Fig. 12.

Applicants disregarded M.P.E.P. 2001.06(b) (Appendix at 000496) in attempting to procure different interpretations of Campbell from different examiners working on different applications, without disclosing to one examiner the use of Campbell in a rejection of the same subject matter against another application. However, applicants amended ‘571 to avoid Campbell (thereby conceding that Campbell was material on the same claimed subject matter), while failing to inform the ‘858 examiner of their amendment to avoid Campbell on that same subject matter. This practice is improper and contrary to the M.P.E.P. requirements; applicants are required to inform the respective examiners of potential conflicting U.S.P.T.O. actions. Applicants’ failure to so inform the examiners resulted in the withdrawal from issue of the ‘858 application, and has caused unjustifiable and prejudicial delay in prosecution.

(2) Applicants Consistently Violated M.P.E.P. 2001.06(b).

Applicants continuously have failed to inform examiners of known conflict among applications containing the same claimed subject matter, but assigned to different examiners. For example, application no. 08/446,431 (‘431) included a rejection of claim 13 under Section 102, citing Campbell as prior art, on *February 14, 1997* (see paper no. 12, page 23 paragraph 23). In response to this rejection, applicants stated that Campbell “. . . is completely silent on . . . one of a simultaneous presentation and sequential presentation” (no. ‘431, paper 15, page 36, lines 9-11). The ‘431 examiner correctly pointed out that Campbell does teach “one of a simultaneous

presentation and sequential presentation" (for example, graphic and video, per Fig 12).

Applicants then further amended claim 13 to avoid Campbell on February 24, 1998 (see no. '431, paper 17, page 2).

However, on August 6, 1998, almost four months later, applicants attempted to procure letters patent for the same claimed subject matter in application no. 08/441,577 ('577). This application was rejected, with the examiner finding that "simultaneous presentation and sequential presentation" read on Campbell. In response to this rejection, applicants alleged " . . . Campbell lacks any concept of simultaneous or sequential output presented . . . ." Applicants never informed the '577 examiner that applicants amended the '431 application to avoid rejection under Campbell. This constituted a violation of applicants' duty under M.P.E.P. 2001.06 (b), and caused unjustifiable and prejudicial delay in prosecution.

(3) DIRECTV "Overlays" Appear to Have Been a Target.

One of the issues in the ITC Litigation was whether applicants had DIRECTV-like overlays. In the ITC litigation, the ALJ characterized DIRECTV overlays as follows (see [Part 1 of 2], 1997 LEXIS 307, at \*58):

. . . Complainant [applicants' interest] has argued that three types of "overlays" are generated by the accused DSS systems, that "information concerning [a pay-per-view] movie . . . such as the start time, rating, and time" is a "video overlay" [i.e. a simultaneous or sequential presentation of e.g. graphic and video] related to "a viewer's reaction to specific content in that program," and that "an information banner, which includes information such as the title and rating of the television program" is a video overlay [i.e. a simultaneous or sequential presentation of e.g. graphic and video] related to "said television programming," and that "the Program Guide . . . is a video overlay displaying information . . . in response to the viewer pressing the appropriate button on the remote control . . . [i.e. a simultaneous or sequential presentation of e.g. graphic and video] . . . ."



In this case the ALJ found that applicants' claims did not read on the DIRECTV overlay due to applicants' simultaneous presentation of graphic and video material, while DIRECTV had sequential presentation of graphic and video material. However, subsequent to this case, applicants amended claim language in an apparent attempt to read on DIRECTV's overlay. For this reason, it appears that counsel Scott's insistence on another interpretation of Campbell may have been because of his unwillingness to give up claims applicants hoped would read on DIRECTV's overlay. However, Campbell clearly teaches applicants' claimed overlays. Applicants had a duty under M.P.E.P. 2001.06 (b) and (c) (Appendix at 000497-498) to keep each examiner informed of the treatment of the same claimed subject matter in other applications. In failing to so inform examiners, it appears that applicants' principal counsel desired a "lapse" on the part of an examiner not informed of the potential conflict or of the issues raised in the ITC litigation. Applicants' conduct has resulted in unjustifiable and prejudicial delay.

vi. Applicants have Acted Contrary to 37 C.F.R. § 10.85(a)(4),(5), and (6).

The Appendix at 000001-334, contains a Microsoft Word "Compare Documents" comparison of the 1987 557-page specification with the 1981 44-page specification. Theoretically, the Compare Documents function underlines new subject matter in the 1987 specification. In addition, the function is intended to strike out 1981 subject matter deleted in 1987. The function is also intended to show no underlining or strikeouts when content between the two compared documents is the same. (The Compare Documents function is not foolproof, however, and the comparison attached does contain some comparison errors.)

However, most of the text in the comparison displays underlining, indicating that applicants added new subject matter to the 1987 disclosure. In addition, most of the 1981 specification has been struck. At first glance, there appears to be some limited common subject matter (for example, Appendix at 000013-015).

Nevertheless, due to the context of the 1987 disclosure, even apparent common subject matter actually conveys different ideas and concepts than in the 1981 disclosure. To establish that applicants "possess" an invention, claiming priority benefit to 1981, applicants must trace the written description back through the 1987 disclosure to the 1981 disclosure. This they have not done.

While the Document Compare function is fallible, it illustrates the severity of the applicants' failure to incorporate by reference. Applicants' responses, alleging that only the 1981 disclosure is relevant, appear intended to mislead the U.S.P.T.O. as to the lawful requirements of Section 120 and 112.

(1) Applicants have Misguided the Examining Corps.

Throughout the portfolio prosecution, applicants' counsels have practiced a pattern of misguiding the examining corps with statements such as the following:

Applicants . . . point out that the . . . subject application claims priority back to the application filed November 3, 1981. . . . Consequently, the Applicants will demonstrate disclosure only with respect to the [19]81 case.

See application no. 08/468,641, paper no. 12, page 22, first paragraph. In addition,

The present application claims priority under 35 U.S.C. 120 . . . . Consequently,

the Applicants will demonstrate disclosure only with respect to the '81 case.

See application no. 08/479,024, paper no. 12, page 20, second paragraph. Also,

The following . . . corresponds to the specification support in the right column . . . .

See application no. 08/479,024, paper no. 17, page 30, last two paragraphs, referring to the 1981 disclosure. Furthermore,

The following table...corresponds to the specification . . .

See application no. '641, paper no. 16, page 32, last paragraph, citing to the 1981 disclosure.

These statements demonstrate a pattern of misguiding the patent examining corps as to the proper "specification." This pattern of misrepresentations is contrary to applicants' duties to the U.S.P.T.O. under 37 C.F.R. § 10.85 and 37 C.F.R. § 1.56, and continues a pattern of conduct for which applicants were admonished by Administrative Law Judge Luckern. Applicants' pattern of affirmatively misleading the office, and omitting the 1987 disclosure, has caused unjustifiable and prejudicial delay.

vii. Applicants Did Not Possess The Claimed Invention.

Section 112 first paragraph requires applicants' 1987 disclosure to have conveyed, with reasonable clarity to those of ordinary skill in the art on September 11, 1987, that applicants possessed that which they now claim. For each pending claim, the examiner must determine whether one skilled in the art would have immediately discerned all of the claim limitations at issue from the disclosure at the time that the 1987 disclosure was originally filed. Examiner finds, under Section 112, that one skilled in the art would not have immediately discerned the claim limitations at issue from the 1987 disclosure.

(1) Applicants Did Not Possess Downloading Software.

Applicants have attempted to change the meaning of words from one disclosure to another in order to establish that one skilled in the art, on that date, would have discerned the claim limitations at issue from the 1987 disclosure. For instance, applicants' 1981 disclosure described a television distribution system that distributed digitally encoded instructions within the VBI of its distributed TV programming. These distributed instructions were used to cue the execution of specific software that was stored within "peripheral" devices located throughout the network. In the year 2000, applicants argue that a series of these distributed cuing signals represented a series of instructions for controlling a programmable processor and therefor represented computer software "programming." The examiner rejects this argument. This is equivalent to arguing that a computer input device such as a mouse, generates computer software programming because it, too, provides a series of instructions which cue specific computer software "programming" to be executed by the computer. Clearly, received instructions which cue a programmable processor/computer to execute designated portions of pre-loaded software do not constitute, nor, under Section 112, do they convey in an "immediately discernible" fashion, computer software "programming" in the conventional sense of such terminology. The meaning which applicant now attempts to give the terminology is repugnant and would not have been "immediately discernible" to one skilled in the art. It does not pass Section 112 first paragraph muster. Applicants have argued new meanings solely for the purpose of establishing Section 112 first paragraph support for its use and introduction into the pending claims.<sup>6</sup>

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<sup>6</sup> While applicants use distorted definitions and interpretations of conventional terminology to justify subsequent introduction of these terms into applicants' original disclosure/claims under Section 112 first paragraph, applicants' legal arguments in alleging infringement against others have shown that applicants do not wish to be held to these distorted definitions and interpretations. Applicants argue for a process which would allow applicants to obtain patent

The example given above illustrates the kind of absurd arguments that the examiners of record have struggled to deal with throughout the prosecution of applicant's 329 co-pending applications. This example also demonstrates the extent to which applicants will twist and bend the content of the 1987 disclosure in order to retroactively create support for currently recited subject matter. This current subject matter was not, in fact, disclosed or described within applicant's 1987 disclosure.

Examiner must rely on Section 112 first paragraph rejections in order to encourage a clear and accurate explanation from applicants as to how their own claims can be interpreted so as to be supported by the 1987 disclosure. The current claim limitations incorporate terminologies having current conventional meanings that are vastly different from the meanings and scopes that are now attached to them by applicants' current arguments. These arguments are not part of the original disclosure.

Returning to the argument addressed above, applicants now drafts claims whose limitations include "computer software/programming" terminology so as to literally obtain patent coverage over the downloading of "computer software/programming" while, at the same time, trying to base their own alleged support for these newly introduced limitations on their 1981 disclosure's description of transmitted instructions which clearly did not comprise "computer software/programming" but only cued its execution. This is a blatant attempt to obtain literal patent coverage claiming priority to 1981 for something that applicants did not have in their possession as of the 1981 filing date.

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coverage over subject matter on the basis of current conventional meanings of art-related terminology when, in actuality, applicants obtained such patent coverage only through a distorted reading of the same terminology.

Applicants' numerous attempts to change the plain meanings of terms should be discouraged.

viii. Applicants Failed to Timely Complete the Alleged Consolidation Agreement.

Applicants allege that in November 1998, they agreed to consolidate their applications into 79 applications. As of March 7, 2000, applicants had consolidated approximately 25 percent of their applications. This issue is expected to be addressed in further detail in response to applicants' 37 C.F.R. § 1.181 petition in application no. 08/470,571. Applicants' failure to consolidate their cases in a timely manner has resulted in unjustifiable and prejudicial delay of prosecution, contrary to the public interest. Obviously, the PTO cannot prosecute consolidated cases until such cases are, in fact, consolidated under the terms of the alleged agreement.

5. APPLICANTS MAY EITHER OWE FEES, OR BE DUE A REFUND.

a. Applicants Have Perpetuated Small/Large Entity Confusion.

Counsel Lecher (registration no. 41,933) admitted to the examiner (the "admission") that applicants' counsels, Messrs. C. Talbot (registration no. 34,262), Jeffrey Auerbach (registration no. 32,680), Michael J. Strauss (registration no. 32,443), and Thomas J. Scott, Jr. (registration no. 27,836) have been simultaneously making small and large entity fee payments at the direction, or under the supervision of, Mr. Scott. The examiner previously asked Mr. Lecher to explain the rationale for these varying payments; however, Mr. Lecher provided no explanation. The Appendix at 000335-419 details a record of applicants' fee payments over the course of the portfolio prosecution over the last several years. This record demonstrates apparent discrepancies in applicants' claims to small entity fees.

b. There Are No Apparent Differences in Subject Matter for Large/Small Inventions.

The primary examiner has considered various claimed subject matter of the applications having paid small entity fees (the “small entity inventions”). Additionally, the primary examiner has considered various claimed subject matter of the portfolio applications having paid large entity fees (the “large entity inventions”). Examiner cannot find a difference in claimed subject matter between the large entity inventions and the small entity inventions. This does not appear to a basis for a fee discrepancy.

c. Applicants’ Subject Matter Groupings Do Not Appear to Justify a Fee Discrepancy.

Applicants have indicated they have 56 subject matter groupings (the “56 groupings”). Appendix at 000444-445. Counsel Scott alleges that each of applicants’ 56 groupings (e.g. ADVT, ASIN, etc.) claim different subject matter (see 37 C.F.R. § 1.181 Petition filed on March 7, 2000, in 08/470,571, page 9). Examiner finds that the 56 groupings do not, in fact, claim different subject matter.

The primary examiner finds that the 56 groupings comprise substantially duplicate claims (see Appendix at 000485-495). For example, the first representative set of applicants’ substantially duplicate claims compares “grouping NAUT,” application 08/477,805, claim 25 and “grouping SETT,” application 08/449,523, claim 11. The subject matter of “NAUT” claim 25 is the subject matter of “SETT” claim 11. Claim 11 is merely a bit broader than claim 25. Likewise, others of the 5 sets are from different groups, but claim the same subject matter. The primary examiner finds that these different “subject matter groupings” actually claim the same subject matter, and do not appear to form a valid basis for a fee discrepancy.

d. The Payment Record Demonstrates Discrepancies Within the Same Grouping.

The primary examiner has compiled a fee payment fact sheet for applicants' patent application portfolio ("payment record"). Appendix at 000335-419. This payment records demonstrates fee discrepancies even within the same "subject matter groupings." For instance, portions of the compiled record corresponding to the "NAVI" grouping demonstrate differing payments for two applications within the "NAVI" grouping, as follows (application no. 08/449,697 ('697) and 08/460,240 ('240)):

08449697	24-May-95	SMALL	BASIC FILING FEE UTILITY	\$ 365.00
08449697	24-Sep-97	SMALL	CLAIMS IN EXCESS OF 20	\$ 22.00
08449697	24-Sep-97	SMALL	EXTENSION FOR RESPONSE WITHIN 3RD MO.	\$ 465.00
08449697	16-Jul-98	LARGE	EXTENSION FOR RESPONSE WITHIN 3RD MO.	\$ 950.00
08449697	16-Jul-98	LARGE	CLAIMS IN EXCESS OF 20	\$ 484.00
08449697	16-Oct-98	LARGE	STATUTORY DISCLAIMER	\$ 110.00
08460240	02-Jun-95	LARGE	BASIC FILING FEE UTILITY	\$ 365.00
08460240	30-Nov-95	LARGE	INDEPENDENT CLAIMS IN EXCESS OF 3	\$ 468.00
08460240	30-Nov-95	LARGE	CLAIMS IN EXCESS OF 20	\$ 627.00
08460240	23-Jun-97	LARGE	EXTENSION FOR RESPONSE WITHIN 3RD MO.	\$ 930.00
08460240	06-Jul-98	LARGE	NOTICE OF APPEAL	\$ 310.00
08460240	06-Jul-98	LARGE	EXTENSION FOR RESPONSE WITHIN 3RD MO.	\$ 950.00
08460240	16-Jul-98	LARGE	FOR FILING A SUBMISSION AFTER FINAL REJECTION UNDER RULE 1.29(a)	\$ 790.00

It is evident that the "small" and "large" labels for these applications are contradictory. The first column denotes the application number. The second column denotes the date the office received the payment. The third column, containing the labels "SMALL" or "LARGE," indicates the type of fee payment made. The fourth column indicates the type of transaction. The fifth column indicates the amount of payment. It is unclear why applicants have paid different fees for what they have alleged to be the same subject matter (Appendix at 000444).

Counsel Lecher's admission appears to raise potentially significant consequences. See DH



Technology Inc. v. Synergystex International, 47 U.S.P.Q.2d 1865 (Fed Cir. 1998), Appendix at 000446-461. It is the primary examiner's responsibility to recognize this admission and what may be improper fee payments. To date, applicants have provided no good-faith explanation that might explain the fee discrepancies.

e. Erroneous Fee Payments Would Violate the Alleged Agreement to Consolidate.

Erroneous fee payments would be in violation of the alleged agreement for consolidation, because the abandonment of applications containing incorrect fee payments would bury the record of such errors. The primary examiner could not accept consolidated applications that accomplished such a purpose. Applicants' agreement to consolidate is premised on an assumption by the U.S.P.T.O. that such consolidation will accomplish lawful ends only.

f. Applicants' Counsel Has Been Aware of Fee Discrepancies Since 1995.

Counsel Scott discussed small/large entity issues with the PTO as early as August 13, 1995. Appendix at 000425-426. It appears that, at that time, applicants had received notice of failure to include proper small entity certifications.

i. Applicants Were Required to Update Small Entity Status.

On September 7, 1995, Mr. Scott acknowledged that applicants were obligated to verify that small entity status was "still proper and desired" (37 C.F.R. 1.28) when they filed their 329 applications. Appendix at 000443.

ii. Applicants Changed Entity Size Status Within Applications.

On October 30, 1995, applicants changed application no. 08/441,701 from small to large entity status. Appendix at 000432-433. On December 4, 1995, applicants changed application no. 08/469,496 from large to small. Appendix at 000434-435. (In that case, Mr. Scott attached a

verified entity declaration recognizing 37 C.F.R. § 1.9(d),(f), 37 C.F.R. § 1.27(c), 13 C.F.R. § 121.12, and 37 C.F.R. § 1.28.)

Applicants have attempted to justify varying payments based on a “fields of use” clause from applicants’ portfolio licenses. Specifically, Mr. Scott stated as follows:

Upon review of (1) the claims as filed in the application as a result of the preliminary amendment and (2) the “field of use” clause in the application’s assignee’s license contract with a firm that is now a large entity, it has come to applicants’ attention that the present application requires large entity status.

Appendix at 000436.

However, over the duration of many months, applicants’ “strategy” has included a pattern of changing one or another of the portfolio’s 329 applications to and from small and large entity. Further, the portfolio fee payment record reflects applicants’ counsels signing both small and large fee transmittal letters for the portfolio, on the same day. The fact that the same counsel would sign apparently contradictory fee transmittal letters for both applicants’ portfolios’ large and small inventions, claiming the same subject matter, does not appear to be inadvertent.

iii. In May 2000 Applicants’ Counsel Admitted to Paying Deficient Fees On and After September 26, 1995.

Recently, Mr. Scott notified the PTO that applicants were large entity, but paid small entity fees erroneously since 1995. Appendix at 000437-442. Specifically, Mr. Scott stated that applicants erroneously paid small entity fees on the following dates:

- (1) May 3, 1999 (Appendix at 000437),
- (2) March 15, 1999 (Appendix at 000438),
- (3) January 21, 1997 (Appendix at 000439),
- (4) September 26, 1995 (Appendix at 000441), and
- (5) October 18, 1999 (Appendix at 000441).

Mr. Scott identified these dates of erroneous payment almost five years after the August 13, 1995, personal interview. Appendix at 000425-426. In addition, these erroneous payments were identified almost five years after Mr. Scott's September 7, 1995 acknowledgment that 37 C.F.R. § 1.28 governs small entity fees. Appendix at 000443.

iv. Applicants Have Paid Small Entity Fees for Large Entity Licensees.

It appears that exclusive licensees of applicants pay applicants for their prosecution fees.

Appendix at 000474-478, See [Part 2 of 2] 1997 ITC LEXIS 307, \*173, \*174 (FINDINGS OF FACT 323, 325, 339, 340, 341). Various large entities have exclusive license to applicants' entire patent portfolio, in exclusive "fields of use." Appendix at 000462-463, fact 161; Appendix at 000465, fact 166, 168; Appendix at 000466, fact 171; Appendix at 000467, fact 198, 205, 206; Appendix at 000468, fact 220; Appendix at 000472.5, facts 295-296; Appendix at 000474, facts 312, 320, 323, 324, 325; Appendix at 000475, facts 334, 337, 339, 340, 341; Appendix at 000477, fact 351, 352; Appendix at 000478, fact 358-362, 368. For instance, Starsight, which appears to be a large entity, apparently paid for the prosecution of the '277 patent. Appendix at 000474, fact 323. However, applicants have paid small entity fees, when exclusive licenses were given to large entity licensees.

6. COURTS ASSUME THAT THE PRIMARY EXAMINER DOES HIS JOB.

In the ITC Litigation, the respondents accused the applicants, among other things, of

- (i) intentionally withholding material, non-cumulative references from the Patent Office Examiner during examination of the applications in hopes of obtaining a patent having a claim scope to which they were not entitled;
- (ii) intentionally misrepresenting the art before the Patent Office Examiner, as it related to the claims;

(iii) overwhelming<sup>7</sup> the Patent Office Examiner by burying highly relevant, in fact, anticipating references among hundreds of references having a lesser relevancy<sup>8</sup>; and

(iv) failing to point out an obvious error of the Patent Office Examiner . . . unenforceable because of applicants' "intentional failure" to disclose "highly material and invalidating" information<sup>9</sup>. . . .

Respondents specifically contend that inventor Cuddihy should have disclosed a "Proposed Capital Venture" to the Patent Office . . . it appears that there was no "meaningful" examination . . . the examination is fraught with errors that would not have been made had it been conducted in a "procedurally proper manner;" and that it appears that the cited references were not . . . "meaningfully reviewed" in the examination by the Examiner. . . . It was further asserted that based on a review of the '277 patent file wrapper, it appeared that the '277 patent also is unenforceable due to failure to comply with 35 U.S.C. § 151 by failure to file the entire issue fee.

[Part 1 of 2] 1997 ITC LEXIS 307, \*24-26.

In response to the above allegations, the ALJ weighed the examiner's job performance against the applicants' pattern of prosecution. The ALJ did not dispute negative allegations related to the previous examiner's job performance, but assumed that, under the law, government officials do their jobs (" . . . it is assumed that public officials do their assigned jobs."). See [Part 1 of 2], 1997 ITC LEXIS 307, \*38 *citing* Molins PLC v. Textron Inc., 48 F.3d 1172, 80 U.S.P.Q.2d 1823, 1832 (Fed. Cir. 1995). While in that case, the ALJ recognized the examiner's poor job performance, and did not find inequitable conduct against applicants, the general rule remains that a public official is assumed to perform his assigned job.

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<sup>7</sup> "Overwhelming" in that case meant over 200 references, while in the present prosecution there are over 2,200 prior art references.

<sup>8</sup> In the present prosecution the irrelevant references include "ZING", "PIN BOX", "BEE HIVE", business cards, "Trochanteric Basket" a medical implant device, etc.

<sup>9</sup> See, e.g., the June 16, 1999, Personal Interview.

7. CONCLUSION: THE PRIMARY EXAMINER IS DOING HIS ASSIGNED JOB.

It would be easy for the primary examiner to ignore applicants' patterns of conduct, and ignore the fee payment admission. However, the M.P.E.P. states that "[O]nce an inadvertent omission is brought to the attention of the applicants, the question of inadvertence no longer exists."

M.P.E.P. 714.03. For this reason alone, applicants' non-responsive amendments are not *bona-fide*. Moreover, the primary examiner's job requires identifying applicants' overt irregularities and material failures or violations. Therefore, the primary examiner has demonstrated that the non-responsive amendments cannot be *bona-fide* by showing applicants' prior knowledge and subsequent improper practices. These continuing practices occurred both in the pattern of portfolio prosecution and in the fee payment record. In addition, the primary examiner has provided examples of instances in which applicants caused unjustifiable and prejudicial delay in prosecution, to the detriment of the public interest. In addition to this notification of non-responsive amendments, the primary examiner finds that rejection on the basis of laches is supportable.

Any inquiry concerning this communication or earlier communications from the primary examiner should be directed to William Luther, whose telephone number is (703) 308-6609.

William Luther  
Primary Examiner

